



LIVING DEBT FREE AND TRULY WEALTHY

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HELPING FAMILIES TO TURN ALL THEIR DREAMS INTO REALITY...

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College Funding Alternatives...

In the past few weeks, I've spent many hours reviewing the current college funding alternatives. I've tried to study them all - 529 Saving Plans, 529 prepaid tuition plans, Coverdell ESA, Custodial Accounts, Life Insurance and many more. And, I am more confused now, than before I started.

The problem is the overwhelming complexity of all these alternatives. By doing it one way you can get a tax deduction. Other alternatives allow you to access the money tax free, as long as you use the money for college expenses. However, there are severe taxes and penalties if you don't use the money for college. And, many of these tax advantages may expire in 2010 unless Congress renews them. Then, there are more than 70 separate 529 plans to choose from. Almost every state has their own plan, with its own investments, regulations, fees and

pricing. Plus, you give up control of your money, in many of these alternatives.

Another big concern is the recent problems with these plans. For example, revenue-hungry states are competing for 529 assets and they're layering on marketing gimmicks, restrictive tax rules and higher fees. Sales loads have jumped from a typical 3 percent to 5.75 percent, and lofty expense ratios are increasingly common. According to Cerulli Associates, the average 529 plan generates \$1 million in state fees for every billion dollars invested.

One of the biggest problems is how these alternatives relate to the college financial aid formulas. Many Middle American families are counting on financial aid to lessen their financial burden. Most financial aid formulas

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Interesting Facts:

Clarence Birdeye is credited with inventing the quick freezing method in 1924 which is used to produce frozen foods.

When you crack a joint, the noise is caused by escaping gases, movement as the joint returns to its normal position and rough surfaces.

The first gasoline-powered car was invented by Karl Benz.

Amount of money spent by Americans on lawn care aid annually: \$6 billion.

What is home equity and how can it help me?

Let's start by answering the question, "What is home equity?" Home equity is the value given to a home after you minus the mortgage debt and any other charges or liens against the home. Basically, if you bought your home for \$80,000 and have paid \$40,000 of the mortgage off, you have no outstanding debts toward the home and your home now appraises for \$100,000, you would have built up a total of \$60,000 in home equity.

Home equity may be the best way to establish a substantial credit line or loan. Do you have a child going to college, need a small business loan, have a lot of credit card debt or large car payments Borrowing from your equity first, can actually save you money

and/or hassles. Home equity can allow you to make a substantial investment that you may have otherwise never been able to do.

You do need to consider certain things while shopping for a home equity loan...

- How much money is available to borrow? Depending on individual credit history, some lenders may allow the borrowing of up to 85% of the appraised value of a home.
- Is the interest rate fixed or a variable rate?
- Obtain a list of all the fees that will be charged in addition to the interest. Lenders may require payment only on the interest

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It's Easy To Become A Millionaire

As strange as it may seem, and contrary to the 'nay sayers', it is possible for everyone of us to accumulate \$1,000,000 before we reach retirement age. And, it doesn't take luck, special knowledge, or some new fantastic investment vehicle.

What it does take is a little discipline, planning and practicing the simple concepts we discussed earlier.

Using the table below, for someone age 25, all it takes is saving \$285 per month @ 8% to have a \$1,000,000 at age 65. So, it is definitely possible.

Monthly Amount Needed To Have \$1,000,000 @ 65		
Starting @ Age	8%	10%
20	\$189	\$95
25	\$285	\$157
30	\$434	\$262
35	\$667	\$440
40	\$1,047	\$750
45	\$1,686	\$1308

But, you say **"I don't have \$285 a month that I can save right now."**

I understand, none of us has any extra money...

However, you must start somewhere. And, you must start today. Even if it's only \$50 or \$100 per month right now.

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College Funding Alternatives...

will reduce the amount of free financial aid each year - by 35% of the money in the child's name and by 5.5% of the parent's assets.

By far, one of the simplest and least problematic alternatives, may be just over-funding a traditional cash value life insurance policy. First, there are the tax benefits. The cash values have the potential to grow on a tax-deferred basis and provide an opportunity for tax-free withdrawals. Parents can maintain control over the accumulation values. In addition, most college aid formulas exclude assets held within cash value life insurance. This means that parents can have their policies grow tax-deferred, have tax-free access to the cash values, and not have the accumulation values

reduce their financial aid. Plus, if your child does not use this money for college, there are no income tax penalties and you now have a tax-free retirement plan.

One of the biggest advantages of life insurance over all the other alternatives is that all of this occurs while simultaneously providing insurance protection in the event of the insured's untimely disability or death. Life insurance can assure the completion of a funding plan and guarantee that money will be available when your child is ready for college.

For More information please contact our office today!

877-297-4608

"What we think determines what happens to us, so if we want to change our lives, we need to stretch our minds." -Wayne Dyer

What is home equity and how can it help me?

until the account closes or they may have a minimum monthly payment. Each individual should create a plan of how they intend to repay the loan.

- When the account is closed it may be possible to re-negotiate with the lender to extend the life of the account or convert it to a fixed term loan.

In addition to getting a credit line for a large expense, the interest paid on a home equity loan may be tax deductible for loans up to 100% of the home's value. Consumers should check with a tax advisor, but this tax break may make the effective interest cost less than other kinds of credits.

Whether borrowing for a major purchase, debt consolidation, education or retirement, for many, a house is their most valuable possession. By borrowing against the equity, the consumer risks losing their home if they are unable to make payments. By looking at these and other factors, you will be able to better determine if a home equity loan is right for your needs.

For more information on how to put your equity to work, contact our office today!

877-297-4608